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| By:                 | 32936                    |

MEMORANDUM FOR: Project Review Committee

SUBJECT: Proposed External Research Project

1. Problem:

To obtain basic research data on Soviet transportation to provide a basis for judgments, estimates, and conclusions to be checked against past and future research projects.

2. Discussion:

a. The Transportation Branch of the Services Division, Office of Research and Reports, is engaged in detailed economic research on the capabilities, vulnerabilities and potential of the Soviet transportation system. A large volume of unclassified data on the Soviet transportation industry is available on this subject, but is not being exploited by ORR due to more pressing requirements for exploitation of classified material.

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b. [REDACTED] a prominent economist who has specialized in Soviet transportation policy, has been under contract to ORR in the past to provide certain basic research in fulfillment of ORR requirements for information on Soviet transportation systems. [REDACTED] initial contract with the Agency, dated 1 June 1952, provided for the completion and submittal of a manuscript entitled, "Soviet Railroad Policy". This manuscript consisted of eleven chapters and covered major aspects of railroad transportation in the USSR. This work has been carefully reviewed in ORR and has become one of the primary reference sources for information on Soviet transportation policies and capabilities.

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c. [REDACTED] has continued his research efforts in this field and has provided to ORR his note cards on which he records pertinent data abstracted from various source materials. These note cards have proved to be a valuable aid in the derivation of estimates of Soviet railroad capabilities.

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d. In discussion with this Office, [REDACTED] has indicated a willingness to add to his research four papers of direct value to the Transportation Branch, Services Division, ORR, in fulfilling their responsibility for operation and traffic in the USSR as assigned the office by the EIC Subcommittee on Transportation. These studies and a brief description follows:

## (1) "Geography of Commodity Transportation"

This study would consist of a description of the geographic pattern of the basic flow of individual commodity groups on the

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Soviet transportation network. This would include a detailed analysis of trends in freight flow and evaluation of the significance of this data for the past and future.

- (2) "Inter-Carrier Relations in Freight Transportation"  
This study would consider the extent of joint freight movement between major carriers and would include a detailed analysis of factors promoting and hindering the transfer of freight traffic between these carriers. The growth potential of each major carrier would also be considered.
- (3) "Growth Rates for Industrial Production and Freight Traffic"  
This study would present an analysis of the relationships between additional output and additional freight traffic including analysis of individual commodity groups.
- (4) "Transportation Investment and Capital Coefficients"  
This study would make comparisons between additions to ton kilometer output and would include analysis of additions to roadway motive power and rolling stock of the railroad system. Consideration would also be given to the intelligence implications of these comparisons with respect to future potential.

Reports on the above subjects will provide much needed and heretofore unavailable data in support of current ORR research projects.

### 3. Conclusion:

Certain of the basic research requirements in support of ORR projects in the field of Soviet transportation can be effectively and economically obtained through exploitation and research by [REDACTED]

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### 4. Recommendation:

That approval be granted to ORR to obtain the services of [REDACTED] under a personal service contract for four (4) months at the rate of [REDACTED] per month. ORR has included funds in the Fiscal Year 1956 Operating Budget under Allotment Account 6-5701-10 for contracts of this nature.

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[REDACTED]  
OTTO E. GUTHE  
Assistant Director  
Research and Reports

APPROVED:

[REDACTED]

AUG 10 1955  
Date

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